

16.3 Service Requirements for Billing Information**a) Proprietary Information**

The information provided to BSLD and Clients will be limited exclusively to BSLD and Clients' end-user services and to information not listed as confidential and proprietary to BST or to the end user.

BST end-user Message detail (details of unbillable and billed Messages) and/or account detail (includes end-user name, billing address, and/or billing parameters other than Message detail) which is confidential and proprietary due to legal, national security, end user, and/or other appropriate requirements will not be provided to BSLD or Clients.

b) Liability

Either Party will indemnify and hold the other Party harmless for any and all claims and damages arising from its failure to maintain confidentiality of any previously mentioned detail or information, or failure to use the information for strictly legitimate business purposes.

c) Re-creates

If BSLD requests BST to re-supply billing information, previously provided in either paper form or in a data file, and if such request arises from incorrect BSLD or Client specifications or errors, BST will make every effort to re-create and supply. When BST can re-supply, BSLD will pay the cost incurred by BST to process and provide the information. These costs will be determined on an ICB.

d) Application of Rates and Charges

EMI records, as defined in the Glossary of this Exhibit, are used to process the information, and transmit the data to BSLD and Clients.

For each electronic data file the type of delivery is electronic data transmission (i.e., CONNECT:Direct). BST will determine the number of records required to prepare and process the output. The number of records processed will be determined using the number of records input to, or the number of records output from, the programs that process the information, whichever number of records is higher. BST will use this total number to calculate the total charges to be billed to BSLD.

The application of the recurring rates, set forth in Exhibit B, will be applied as follows:

- When BSLD and Clients receive their EMI-formatted data file on magnetic tape or c-tape, the per-record rate and per-tape rates apply. The per-record rate applies to every record entered onto the tape by BST;
- No additional recurring rates apply when BSLD or Clients receive their EMI-formatted data file across CONNECT:Direct; and
- When BSLD or Clients receive a billing information paper report as a copy of a report also received in EMI-format, the per-report rate applies per paper report processed and mailed to BSLD or Clients.

16.4 Customer-Initiated Investigation of Billed Charges

Investigation of Billed Charges Service is provided to BSLD and Clients as part of their Expanded Inquiry Service rate set forth in Exhibit B (Rates and Charges). This service will be provided for the same state area(s) and time period in which the B&C Service Package is purchased.

With this service BSLD may request BST's Initial Point of Contact (IPOC) to provide information about BSLD or Client's end user's charges and deposits where BSLD or Client information can be obtained by BST; i.e., BST does not have Customer (end user) Name and Address (CNA) information for called parties outside the state operating territory.

It also includes the provision of pertinent end-user account information such as initial service date, disconnect date, billing name and address, related accounts, etc. BSLD may also obtain an additional copy of BSLD's end user's bill through this service.

16.5 Customer-Initiated Wire Checks

With this service BSLD may request BST's IPOC to investigate suspected problems in BST's network and/or billing system for BSLD and Clients.

Examples of the kind of information investigated with Wire Checks Service are: the end-user account is in BST's system, the call appears on the bill, determine if BSLD charges were previously adjusted and check for service order activity.

For Wire Checks, the following terms and conditions apply in addition to those set forth in Part One of this Exhibit:

- If, after investigation, there is an indication that a problem does exist, BST will correct the problem and, if needed, issue the end user a post-billing adjustment on his/her account. BST will not bill BSLD for the investigation or adjustment.
- If, after investigation, there is no indication of a problem, BSLD agrees to pay the appropriate rate as set forth in Exhibit B (Rates and Charges) for the Wire Check. If BSLD desires an adjustment to be issued to an end-user account(s), it will submit an SP/BOC Memo or mechanized credit/adjustment in accordance with BST's standard procedures.

16.6 Customer-Initiated Suspected LEC Error Investigation

With this service BSLD may request BST's IPOC to investigate suspected BST billing system or end-user account data entry errors for BSLD and Clients.

Examples of the items investigated with Suspected LEC Error Investigation service are: line connected before the service date, screening failures, wrong PIC, duplicate billing and toll guide errors.

For Suspected LEC Error Investigation, the following terms and conditions apply in addition to those set forth in Part One of this Exhibit:

- BST will not perform a Network wire check with

this service.

- If, after investigation, there is an indication that a problem does exist, BST will correct the problem and, if needed, issue the end user a post-billing adjustment on his/her account. BST will not bill BSLD for the investigation or adjustment.
- If, after investigation, there is no indication of a problem, BSLD agrees to pay the appropriate rate as set forth in (Rates and Charges) for the Suspected LEC Error Investigation. If BSLD desires an adjustment to be issued to an end-user account(s), it will submit an SP/BOC Memo or mechanized credit/adjustment in accordance with BST's standard procedures.

17. Fraud Management and/or Monitoring

No form of fraud management and/or monitoring is provided under this Agreement. However, BSLD may purchase such Service under a separate B&C Services agreement.

18. Miscellaneous

18.1 General

At the written request of BSLD, BST may agree to perform additional billing and collection functions for BSLD and/or Clients. These requests should be submitted in accordance with the OBR Handling Procedures and will be reviewed and agreed to on an ICB.

18.2 End-User Service Deposits

BST may collect and maintain a service deposit for each end-user account, when necessary, in accordance with its service deposit conditions. Consequently, service deposits will not be maintained on individual accounts just for BSLD or Client services; instead, one service deposit will be maintained by BST covering both BST, BSLD, and BSLD Clients' services.

BSLD and Clients will notify their end users, through its tariffs or by other means, that BST will, when necessary and in accordance with BST's service deposit conditions, determine and collect service deposits for BSLD and Clients service(s). BSLD and Clients will also include this policy in their service arrangements, and obtain regulatory concurrence for BST to use its deposit conditions to determine and collect end-user service deposits.

Upon written request to BST, BSLD may obtain a copy of BST's service deposit conditions.

18.3 Treatment and Collection

BST will use the same established collection guidelines for BSLD and Clients service(s)/charge(s) as it uses for collecting its own services/charges.

"Treatment" is action taken by BST to collect delinquent or unpaid amounts associated with end-user accounts. BST's standard procedures include, but are not limited to:

- Contacting the end users by either standard written notices, and/or telephone calls;

- Posting payments and adjustments; and/or
- Negotiating satisfactory payment arrangements with end users.

BST will purchase those Message charges which BST can bill and collect. Because BST will perform all collection efforts, on behalf of BSLD and Clients, even after the moneys are recoured to BSLD as uncollectibles, BSLD and Clients may not pursue collection activities independent from BST.

18.4 End-User Late Payment Charges

Where authorized by the appropriate regulatory agencies, BST will apply to each end-user bill, including any BSLD and Client charges, a Late Payment Charge when any undisputed portion of a previous month's bill has not been paid in full prior to the subsequent bill date. BSLD and Clients will have no right to any part of such Late Payment Charges.

18.5 Authorization to Deny Service

By signing this Agreement, BSLD grants BST the right to refuse service to BSLD and Client end users for non-payment of any deniable telecommunication or telecommunication-related service charges rendered by BST. Whether or not a service will be treated as deniable is determined by the federal and/or state regulatory bodies.

Part Four: Billing, Settlements, and Payments

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Part Four: Billing, Settlements, and Payments**19.Settlements for BSLD****19.1General Description**

This Section sets forth the terms and conditions by which BSLD's revenue, taxes, recourse amounts, and ancillary entries will be reported to BSLD on BST's paper Settlement statement and electronic Settlement data file. Furthermore, it defines the mediums by which BSLD will receive its Settlement information as well as how payment will be rendered. See Section 20. for the terms and conditions by which each BSLD Clients' revenue, taxes, recourse amounts, and ancillary entries will be reported and delivered to BSLD when Client Messages are processed with a unique CIC or ABEC. When Client Messages are processed with CIC 377 the revenue, taxes, and recourse amounts will be included in BSLD's Settlement data and payment.

BST will answer BSLD questions and assist in resolving discrepancies as they pertain to BST-generated statements and reports only.

BST will purchase BSLD's accounts receivable files of rated Messages, less the amounts as set forth herein. BST's obligation to purchase BSLD's accounts receivable will be limited to end-user amounts due for BSLD services and charges billed by BST through its B&C Service Package. BST will purchase BSLD's accounts receivable only on a monthly basis.

With the signing of this Agreement, and once BSLD's B&C Service Package is implemented and BST is purchasing BSLD's accounts receivable, BSLD is prohibited from assigning, transferring, selling, exchanging, or giving these accounts receivable to any other entity or person. See the principal document for additional information on this subject.

The net revenue due BSLD for the purchase of its accounts receivable will be reported as follows:

19.2 Revenue

BSLD's Total Revenue is broken down into the following five categories:

a) Confirmed Revenue

BSLD revenue accepted for billing from the first through the end of the calendar month by BST's Message Switching System (MSS) will represent the accounts receivable to be purchased by BST. Category 41 credits will reduce the total amount of this revenue.

b) Re-Billed Revenue

Any Messages re-billed by BST for the given settlement period.

c) Recurring Revenue

The sum of all BSLD Recurring Charges billed to end-user accounts during the bill periods of the settlement month.

d) Non-Recurring Revenue

The sum of all BSLD Non-Recurring Charges billed to end-user accounts during the bill periods of the settlement month.

e) Other

The sum of all BSLD Termination Liability Fees, Minimum Settlement Fees, and any other fees not associated with the revenues described in a) through d) above that are billed to end users during the settlement period.

19.3. End-User Revenue Taxes

For each settlement period, BST will determine the billed home state and foreign state taxes associated with BSLD's billed Messages, recurring and non-recurring charges, and various fees billed to end users on behalf of BSLD. The tax amount will, generally, increase the net revenue due BSLD.

19.4 Recourse

The following recourse categories will, generally, decrease

the net revenue due BSLD. The full amount due, including associated taxes for unbillable, adjustment, and/or uncollectible moneys, will be recoured back to BSLD:

b) Adjustments

Adjustments represent post-billing adjustments posted on live and final end-user accounts. PBAs, which are identified as "Adjustments" in the EMI PAR records, are actual revenue plus any applicable taxes. There are multiple types of adjustments. Following are examples of some of these types:

- Category 41 Service credits;
- Service fault adjustments resulting in a billing error; and
- Adjustments to satisfy the end user.

End-user adjustments may be initiated by either BSLD or BST. On the PARS data file, these adjustments are representative of a journal month.

b) Unbillables

From the first through the twenty-ninth bill period, BST will determine BSLD's amount of unbillable revenues, except mandated unbillables, excluding taxes.

c) County & Parish Wide and County Seat Mandated Unbillables

This recoured amount is for BSLD Messages received for mandated toll free areas.

d) Uncollectible-Realized

BSLD's uncollectible-realized amount is made up of two parts:

- (1) Actual write-offs of end-user amounts due that have been removed from BST's books after completing standard collection efforts.
- (2) Recoveries on previously written off end-user amounts due. A recovery is a payment made on an end-user account previously removed from BST books.

Taxes associated with the uncollectible-realized amount are also reported on the PARS and recoured to BSLD in the same month in which the revenue is written off or recovered.

e) Discounts

The sum of all BSLD discounts applied to all the end-user Messages processed during the bill periods of the settlement month.

19.5 Ancillary Entries

a) Settlement Allowance

Percent of Confirmed Revenue withheld by BST for BSLD's Settlement Reserve.

b) Claim Payments

Claims may be self reported by either BST or BSLD and can be both positive and negative resulting from mutually agreed upon amounts from disputes.

19.6 Net Revenue

Net Revenue equals (+) Transmitted/Confirmed Revenue,

(+) Re-Billed Revenue, (+) Recurring, Non-recurring, and Other Revenues, (+) Taxes, (+/-) Adjustments, (+/-) Unbillables (including Misdirects and County & Parish Wide and County Seat Mandated Unbillables), (+/-) Uncollectible-realized, (-) Discounts and Settlement Allowance, (+/-) Claim payments.

19.7 Settlement Transaction and Payment Responsibilities for the Electronic Settlements Package

a) Electronic Settlements Reporting

Once a month BST will send BSLD its Settlement Package electronically, formatted in Bellcore standard EMI records. The Settlements data file will be transmitted across BSLD's CONNECT:Direct link.

BSLD may receive a paper copy of its Settlement Package each month during the first six months of production at no additional charge. After this six-month period, BST will discontinue the paper Package. If BSLD would like to continue receiving the paper Package it may do so for a fee as set forth in Exhibit B. Requests to continue receiving a paper copy of the Settlement Package should be submitted through the OBR Process.

b) Transmission and Payment Responsibilities

(1) General

BST will transmit to BSLD its electronic settlements package on, or before, the twelfth business day each month.

If BST is unable to transmit the electronic settlements package on, or before, the twelfth business day, BST will notify BSLD of the delay.

If BSLD does not receive its electronic settlements package by the close of the twelfth business day and has not received any notice from BST of a delay, BSLD agrees to notify BST of non-receipt within 24 hours.

Should BST experience significant system difficulties, BST may render a paper Settlements Package to BSLD until such system difficulties are resolved.

(2) Payment of Net Revenue Due BSLD

Because Settlement reporting is independent from BST's process for paying BSLD the Net Revenue Due, the payment due date will not change even if transmission of the electronic settlement package is delayed. Payment will be made by electronic funds transfer or wire.

(3) Payment of Net Revenue Due BST

If the Net Revenue Due is a negative number, then the amount given is owed to BST. When this is true, BSLD will have 45 days from the Date of Bill to pay BST the Net Revenue Due.

c) Determination of Payment Due Date

The payment due date for the PAR will be determined by adding BSLD payment availability period (in days) to the average bill date of the file receipt purchases. The average bill date will be determined by adding 15 calendar days to the date the file of end-user Messages is received from BSLD. The Category 41 negative revenue included in the confirmed revenue amount will not be used by BST when calculating the settlement due date.

BST will remit settlement to BSLD on the calculated payment due date except in the following situations:

- (1) Should the payment due date fall on a Saturday, Sunday, or holiday when BST is prohibited by the local banks or the Federal Reserve Bank from making payment by electronic funds transfer, the due date will be the last business day before the given Saturday, Sunday or holiday.
- (2) If the payment due date falls before the twelfth business day of the month, the due date for the net revenue due to BSLD will not be until the twelfth business day.

d) Late Payment Fee

If any portion of the net revenue due is not received by BSLD on the payment due date, as set forth in 19.7.b)(2) above, or if any portion of the payment funds are not immediately available to BSLD, then a late payment fee may be due to BSLD by BST. The late payment fee may be applied to the portion of the payment not received by the payment due date times a late payment factor, set forth in Exhibit B (Rates and Charges). BST will make good faith effort to pay BSLD on its next settlement.

e) Disputes, Claims, and Resolution

In the event of a settlement dispute, BSLD must submit to BST a documented claim in writing for the disputed amount. BSLD will submit any dispute promptly so that the information relevant for the investigation of the dispute is attainable for the Parties. The Parties will use best efforts to resolve the dispute. The responsibilities of the Parties are as follows:

(1) Dispute Date and Documentation

The dispute date is the date on which BST receives from BSLD a documented claim in writing. The claim documentation must include identifiable data as evidence of a BST error and the financial damage to BSLD as well as the following minimum information:

- The nature of the dispute.
- The amount of money in dispute identified by each category; i.e., Adjustments, Unbillables, Taxes, etc.
- The report month and state(s) of the settlement in dispute.
- Applicable transmission dates, obligation IDs, and copies of the EMI records associated with the dispute.

Failure to provide such information and data will result in rejection of the dispute.

If additional information from BSLD is necessary to resolve the dispute, BST will request this information. This request will not affect the established dispute date if BSLD meets the written documentation requirements stated herein.

(2) Resolution of Dispute

If the dispute is received by BST and resolved before or on the payment due date, no interest or late payment fee will apply to the disputed amount.

If after investigation of the dispute, the settlement is found by BST to be correct and BSLD concurs with its findings, both Parties will consider the dispute settled.

If the settlement amount is found to be incorrect by both

Parties, the dispute will be settled as follows:

- i. If a credit is due BSLD, the amount due, plus any late payment fee and less any amounts withheld by BSLD during the dispute, will be credited to BSLD's settlement account. BST will make good faith effort to place the adjustment amount on BSLD's next settlement which will also be documented in BST's findings.
- ii. If a payment is due BST from BSLD, BST will make good faith effort to deduct the amount due plus any late payment fee, as set forth in Exhibit B (Rates and Charges), from BSLD's next settlement which will also be documented in BST's findings.

19.8 Settlement Reserve

Upon establishment of this Agreement BST will require BSLD to establish a Settlement Reserve with BST which will be created by withholding X percent of BSLD's total transmitted/confirmed revenue each month for X months of live end-user billing. (NOTE: The principal document contains the specific percent and number of months required to establish the Reserve.) BST will use the total transmitted/confirmed revenue amount to calculate BSLD's withholding amount which is called a 'Settlement Allowance'. The sum of the Settlement Allowance amounts is called the 'Settlement Reserve'.

At its option, BST may require BSLD to pay its first Settlement Allowance in cash before it will accept BSLD's records for live billing. BST will determine the specific cash amount due on an ICB.

BST will retain the Settlement Reserve for 12 months after the termination of this Agreement to insure all outstanding unbillable, post-billing adjustment and net bad debt amounts as well as any B&C Services charges due BST are paid. The Settlement Reserve will be used to pay outstanding B&C Service charges due BST only after BSLD's B&C Service Deposit has been exhausted.

BST will pay BSLD interest on the residual Settlement Reserve amount returned to BSLD as set forth in Exhibit B.

After a Settlement Reserve is established BST may increase the reserve amount by collecting additional Settlement Allowances from BSLD's transmitted/confirmed revenue amount. The Settlement Allowance amount and the number of months withheld will be determined on an ICB.

As stated earlier, the sole purpose of the Settlement Reserve is to guarantee payment for any unbillable, post-billing adjustment, net bad debt amounts and B&C Service charges due BST. It does not relieve BSLD of complying with BST's conditions regarding prompt payment of any outstanding amounts due from all CICs and ABECs processed under this Agreement.

19.9 Journals

a) Once a month BST will transmit to BSLD, by the fifth business day, its Journal information via CONNECT:Direct, in a format designed by BST. The data file will contain the previous month's activity, and be produced on a BST level with the revenues sorted by state,

Washington DC and international. State and Washington DC data will be further sorted between interstate and intrastate jurisdictions.

b) Because BST is combining all BST earning states into one BST data file, both Parties agree that if one or more RAOs are delayed BST will delay processing the entire data file until all the RAO files are received. BSLD will hold BST harmless and blameless for such delays.

c) BSLD will receive a paper copy of its Journal information for the first six months of billing at no additional charge. After the initial six months, the paper report will be discontinued. BSLD may request, through the OBR Handling Procedures, to continue receiving the paper report for a fee as set forth in Exhibit B.

The paper Journal report will be mailed to BSLD via U.S. Mail on the seventh business day of each month.

20. Settlements for BSLD Clients

20.1 General Description

This Section sets forth the terms and conditions by which BSLD Client revenue, taxes, recourse amounts, and ancillary entries will be reported to BSLD when the Client Messages are being processed with a unique CIC or ABEC. When a Client's Messages are processed with CIC 377 the Client's revenue, taxes, recourse amounts are included in BSLD's Settlement amounts and reports, as set forth in Section 19.

It is understood and agreed upon by both Parties that BST is not purchasing the Client's accounts receivable from the Client, but from BSLD, and payments are between BST and BSLD -- not the Client. Furthermore, Client-specific reports will be mailed to BSLD. Client-specific Settlement reporting is provided at the request of BSLD, and therefore, BSLD also agrees to pay BST for the cost of producing Client-specific Settlement reports at the rates and charges set forth in Exhibit B. BST will answer BSLD and/or Client questions and assist in resolving discrepancies as they pertain to BST-generated statements and reports only.

BSLD will receive paper Settlement reports for its CIC/ABEC Client-specific reporting. Should BSLD wish to receive a Client's Settlement data via electronic data file, it may do so by submitting a PON to BST. The cost to set up a Client data file as well as any recurring charges to produce and deliver the data file each month will be determined on an ICB.

BST will purchase BSLD's accounts receivable files of CIC/ABEC Client rated Messages, less the amounts as set forth herein. BST's obligation to purchase BSLD's CIC/ABEC Clients' accounts receivable will be limited to end-user amounts due for BSLD Client services and charges billed by BST through its B&C Service Package. BST will purchase BSLD's accounts receivable only on a monthly basis.

With the signing of this Agreement, and once BSLD's B&C Service Package is implemented and BST is purchasing all of BSLD's, including CIC/ABEC Clients, accounts

receivable, BSLD and Clients are prohibited from assigning, transferring, selling, exchanging, or giving these accounts receivable to any other entity or person. See the principal document for additional information on this subject.

The net revenue due BSLD for the purchase of its CIC/ABEC Clients' accounts receivable will be reported as follows:

20.2 Revenue

The BSLD CIC/ABEC Clients' Total Revenue is broken down into the following two categories:

a) Transmitted Revenue

BSLD Client revenue accepted for billing from the first through the end of the calendar month by BST's Message Switching System (MSS) will represent the accounts receivable to be purchased by BST. Category 41 credits will reduce the total amount of transmitted revenue.

b) Re-Billed Revenue

Any Messages re-billed by BST for the given settlement period.

20.3 End-User Revenue Taxes

For each settlement period, BST will determine the billed taxes associated with the Clients' billed Messages. The tax amount will, generally, increase the net revenue due BSLD.

20.4 Recourse

The following recourse categories will, generally, decrease the net revenue due BSLD. The full amount due, including associated taxes for unbillable, adjustment, and/or uncollectible moneys, will be recoured back to BSLD:

b) Adjustments

Adjustments represent post-billing adjustments posted on live and final end-user accounts. PBAs, which are identified as "Adjustments" on the PARS paper statement, are actual revenue plus any applicable taxes. There are multiple types of adjustments. Following are examples of some of these types:

- Category 41 Service credits;
- Service fault adjustments resulting in a billing error; and
- Adjustments to satisfy the end user.

End-user adjustments may be initiated by either BSLD or BST. On the PARS statement and data file, these adjustments are representative of a journal month.

b) Unbillables

From the first through the twenty-ninth bill period, BST will determine the Clients' amount of unbillable revenues, except mandated unbillables, excluding taxes.

c) County & Parish Wide and County Seat Mandated Unbillables

This recoured amount is for Client Messages received for

mandated toll-free areas.

d)Uncollectible-Realized

The Clients' uncollectible-realized amount is made up of two parts:

(1)Actual write-offs of end-user amounts due that have been removed from BST's books after completing standard collection efforts.

(2)Recoveries on previously written off end-user amounts due. A recovery is a payment made on an end-user account previously removed from BST books.

Taxes associated with the uncollectible-realized amount are also reported on the PARS and recoured to BSLD in the same month in which the revenue is written off or recovered.

20.5Ancillary Entries

a) Settlement Allowance

Percent of transmitted revenue withheld by BST for BSLD's Settlement Reserve.

b) Claim Payments

Claims may be self-reported by either BST or BSLD and can be both positive and negative resulting from mutually agreed upon amounts from disputes.

20.6 Net Revenue

Net Revenue equals (+) Transmitted Revenue, (+) Taxes, (+/-) Adjustments, (+/-) Unbillables (including Misdirects and County & Parish Wide and County Seat Mandated Unbillables), (+/-) Uncollectible-realized, (-) Settlement Allowance, (+/-) Claim payments.

20.7Settlement Delivery and Payment Responsibilities

a) Settlements Reporting

Once a month BST will send BSLD its Clients' paper Settlement Packages via U.S. Mail on, or before, the twelfth business day each month.

b) Payment Responsibilities

Payment will be made by electronic funds transfer or wire to BSLD.

If the Net Revenue Due is an negative number, then the amount given is owed to BST. When this is true, BSLD will have 45 days from the Date of Bill to pay BST the Net Revenue Due.

See 20.7 c) through e) below for additional terms and conditions governing BSLD's payment due date obligations and the application of late payment charges.

c) Determination of Payment Due Date

The payment due date for the PAR will be determined by adding BSLD payment availability period (in days) to the average bill date of the file receipt purchases. The average bill date will be determined by adding 15 calendar days to the date the file of end-user Messages is received from BSLD. The Category 41 negative revenue included in the transmittal revenue amount will not be used by BST when calculating the payment due date.

BST will remit settlement to BSLD on the calculated payment due date except in the following situations:

- (1) Should the payment due date fall on a Saturday, Sunday, or holiday when BST is prohibited by the local banks or the Federal Reserve Bank from making payment by electronic funds transfer, the due date will be the last business day before the given Saturday, Sunday or holiday.
- (2) If the payment due date falls before the twelfth business day of the month, the due date for the net revenue due to BSLD will not be until the twelfth business day.

d) Late Payment Fee

If any portion of the net revenue payment is not received by BSLD on the settlement due date, as set forth in 20.7.b) above, or if any portion of the payment funds are not immediately available to BSLD, then a late payment fee may be due to BSLD by BST. The late payment fee may be applied to the portion of the payment not received by the payment due date times a late payment factor, set forth in Exhibit B and paid on the next settlement due to BSLD.

e) Disputes, Claims, and Resolution

In the event of a settlement dispute, BSLD must submit to BST a documented claim in writing for the disputed amount. BSLD will submit any dispute promptly so that the information relevant for the investigation of the dispute is attainable for both BSLD and BST. BSLD and BST will use best efforts to resolve the dispute. The responsibilities of both parties are as follows:

(1) Dispute Date and Documentation

The dispute date is the date on which BST receives from BSLD a documented claim in writing. The claim documentation must include identifiable data as evidence of a BST error and the financial damage to BSLD as well as the following minimum information:

- The nature of the dispute.
- The amount of money in dispute identified by each category; i.e., Adjustments, Unbillables, Taxes, etc.
- The report month and state(s) of the settlement in dispute.
- Applicable transmission dates, obligation IDs, and copies of the EMI records associated with the dispute.

Failure to provide such information and data will result in rejection of the dispute.

If additional information from BSLD is necessary to resolve the dispute, BST will request this information. This request will not affect the established dispute date if BSLD meets the written documentation requirements stated herein.

(2) Resolution of Dispute

If the dispute is received by BST and resolved before or on the payment due date, no interest or late payment fee will apply to the disputed amount.

If the settlement amount is found to be incorrect by both Parties, the dispute will be settled as follows.

- i. If a credit is due BSLD, the amount due, plus any

late payment fee and less any amounts withheld by BSLD during the dispute, will be credited to BSLD's settlement account. BST will make good faith effort to place the adjustment amount on the Client's next settlement which will also be documented in BST's findings.

- ii. If a payment is due BST from BSLD, BST will make good faith effort to deduct the amount due plus any late payment fee, as set forth in Exhibit B (Rates and Charges), from the Client's next settlement which will also be documented in BST's findings.

20.8 Settlement Reserve

BST will establish one Settlement Reserve for BSLD under the terms and conditions set forth in Section 19.8. In addition, upon establishment of this Agreement and whenever BST establishes a new CIC or ABEC Client under this Agreement BST will withhold X percent of the Client's total transmitted/confirmed revenue each month for X months of live end-user billing. (NOTE: The principal document contains the specific percent and number of months required to establish the Reserve.) BST will use the Client's total transmitted/confirmed revenue amount to calculate its Settlement Allowance. The Client's Settlement Allowance will be deposited in BSLD's Settlement Reserve account.

At its option, BST may require BSLD to pay the Client's first Settlement Allowance in cash before it will accept the Client's EMI records for live billing. BST will determine the specific cash amount on an ICB.

BST will retain the Client's portion of the Settlement Reserve for 12 months after the termination of BSLD's agreement with its Client, or after the termination of this Agreement, whichever comes first, to insure all outstanding unbillable, post-billing adjustment and net bad debt amounts as well as any B&C Services charges due BST are paid. The Settlement Reserve will be used to pay outstanding B&C Service charges due BST only after BSLD's B&C Service Deposit has been exhausted.

BST will pay BSLD interest on the residual Settlement Reserve amount returned to BSLD as set forth in Exhibit B.

After BSLD's Settlement Reserve is established BST may increase the reserve amount by collecting additional Settlement Allowances from BSLD's and/or its Client's transmitted/confirmed revenue amount. The Settlement Allowance amount and the number of months withheld will be determined on an ICB.

As stated earlier, the sole purpose of the Settlement Reserve is to guarantee payment for any unbillable, post-billing adjustment, net bad debt amounts, and B&C Service charges due BST. It does not relieve BSLD of complying with BST's conditions regarding prompt payment of any outstanding amounts due from all CICs and ABECs processed under this Agreement.

20.9 Journals

BSLD CIC/ABEC Clients will receive BST's standard

paper Journal reports which are produced once a month for the previous month's activity, on a per RAO basis, with the moneys divided by billing state, other, and RAO summary. These reports will be mailed to BSLD via U.S. Mail on the seventh business day of each month.

21. Billing of B&C Service Charges (CABS)

21.1 General Description

BST will establish a separate B&C Service Package account for BSLD CIC 377 and for each Client processing its Messages with a unique CIC or ABEC at the request of BSLD solely for the management of its business. Furthermore, because this Agreement is between BSLD and BST, BSLD agrees to be the recipient of all of its CIC/ABEC Clients' B&C Service Package bills and will be solely responsible for payment of all total amount dues on said accounts.

Clients processing its Messages under CIC 377 will be included in the BSLD volumes and B&C Service Package account.

21.2 Bill Contents

BST will establish in each state a B&C Services account(s) for BSLD and each of its CIC/ABEC Clients' Services. BST reserves the right, in its sole discretion, to change the format and provision guidelines as set forth in Appendix A. The B&C Services Bill contents will include the following:

- Non-usage sensitive service charges for the ensuing billing period for which the bill is rendered;
- Any known unbilled non-usage sensitive charges for prior periods;
- Unbilled usage sensitive charges from the first to the thirty-first of the previous month;
- Any known unbilled usage sensitive charges for prior periods;
- Any known unbilled adjustments;
- Any known unbilled minimum charge requirement differential; and
- Any unbilled service deposit credits or claim adjustments with associated late payment penalty or interest payments.

In addition, the B&C Services (CABS) bill will include charges for Services and any service features that may be established or discontinued within the given billing period. Adjustments for the quantity of Services established or discontinued in any billing period, beyond the minimum period set forth for Services in other sections of this Exhibit, will be prorated to the number of days or fraction of days based on a 30-day month.

21.3 Electronic B&C Services Bill

BSLD only will receive its CIC 377 B&C Services (CABS) bill each month electronically. It will be formatted in Bellcore's standard EMI CABS records for payment of B&C Service Package charges due. The CABS data file will be transmitted across BSLD's CONNECT:Direct link. BSLD will receive its CIC/ABEC Clients' B&C Service bills each month in BST's standard paper statement format.

BSLD may receive a copy of its CIC 377 electronic B&C

Services (CABS) bill in the form of a paper statement each month for the first six months of billing at no additional charge. After this initial six-month period, BST will discontinue the paper statements. If BSLD would like to continue receiving the paper statements for CIC 377 it may do so for a fee as set forth in Exhibit B by submitting a PON via the OBR Handling Procedures.

21.4 Transmission and Payment Responsibilities for the Electronic B&C Services Bill

This Sub-section 21.4 impacts only the CIC 377 bill.

BST will transmit to BSLD its CIC 377 Electronic B&C Services Bill on the seventh business day each month. See Sections 21.5, 21.6, and 21.7 below for details on the payment due date and late payment fee.

If BST is unable to transmit the Electronic B&C Bill on, or before, the seventh business day, BST will revise the payment due date to give BSLD the contracted number of days to deliver payment. Because of the fact that BST's billing system may automatically apply a late payment fee, BST agrees to waive any late payment fee applied to the days that were a part of the extension.

Should BST experience significant system difficulties, BST may render a paper CABS statement to BSLD until such system difficulties are resolved.

If BSLD does not receive its Electronic B&C Bill by the close of the seventh business day BSLD agrees to notify BST of non-receipt within 24 hours.

When BST is notified of non-receipt on the seventh business day, but no later than the eighth business day, BST agrees to revise the payment due date to give BSLD the contracted number of days to deliver payment from the date BSLD receives the Bill, and waive any late payment fee applied to the days that were a part of the extension.

When BST is not notified of non-receipt on the seventh business day, but no later than the eighth business day, BST agrees to give BSLD an extension on the payment due date based on when BST is notified. The extension will be determined on an ICB, but will not exceed 31 calendar days.

If BSLD does not receive its Electronic B&C Bill by the close of the seventh business day due to a BSLD error, and BSLD notifies BST within 24 hours BST will immediately re-transmit the data file, and both Parties agree to not revise the payment due date.

If BSLD does not receive its Electronic B&C Bill by the close of the seventh business day due to a BSLD error, and BSLD does not notify BST within 24 hours, BST will not revise the payment due date and BSLD agrees to pay any applied late payment fee.

If BSLD does not receive its Electronic B&C Bill by the close of the seventh business day due to an error unattributable to either Party, BST will revise the payment due date to give BSLD the contracted number of days to deliver payment based on the date BSLD notified BST of

the non-receipt. The application and/or waiving of part or all of the late payment fee will be determined on an ICB, and mutually agreed upon by both Parties.

Should BSLD have reasonable evidence that the charge(s) for a given rate element, is incorrect, BSLD should file a dispute in accordance with Sub-Section 21.8 below. If BSLD elects to withhold payment until resolution of the dispute, in the case of a single rate element charge, BSLD agrees to not withhold payment for the remaining amount due. In cases where multiple charges appear incorrect and BSLD elects to withhold payment of the Net Amount Due for the given RAO(s) until resolution, BSLD agrees to not withhold payment of the remaining RAO bills that do not contain the suspected error(s). If BSLD fails to pay undisputed charges by the payment due date, BST will impose a late payment fee on the undisputed amount due and BSLD agrees to pay such charges.

21.5 Definition of Payment Due Date

For all B&C Service accounts set up under this Agreement, the payment due date is either 31 calendar days after BST's bill day or the next bill date, whichever is shorter. The next bill date is the same day of the following month as the bill date of the current month. For example, if a bill was rendered on January 7, 1998, the next bill date is February 7, 1998.

21.6 Payment Due Date on Saturday, Holiday, Etc.

Should the payment due date, as determined above, fall on a Saturday, Sunday, or holiday, when BSLD is prohibited by the local banks or the Federal Reserve Bank from making payment by electronic funds transfer, the payment due date is as follows:

- If the payment due date falls on a Sunday or Monday on which payment cannot be made as described above, the due date will be the first business day following the Sunday or Monday.
- If the payment due date falls on a Saturday, Tuesday, Wednesday, Thursday, or Friday on which payment cannot be made as described above, the due date will be the last business day preceding the given Saturday, Tuesday, Wednesday, Thursday or Friday.

21.7 Late Payment Fee

For all B&C Service accounts set up under this Agreement, if any portion of BSLD's amount due on all the accounts is not received by BST on the payment due date, as set forth above, or if any portion of the payment funds are not immediately available to BST, then a late payment fee may be assessed by BST as set forth in Exhibit B (Rates and Charges).

21.8 Disputes and Resolution

For all B&C Service accounts set up under this Agreement, in the event of a B&C bill dispute, BSLD must submit to BST a documented claim in writing for the disputed amount. BSLD will submit any dispute within 90 days so the information relevant for the investigation of the dispute is available for both BSLD and BST. BSLD and BST will use best efforts to resolve the dispute. The responsibilities

of BSLD and BST are as follows:

a) Dispute Date and Documentation

The dispute date is the date on which BST receives a documented claim in writing. The claim documentation must include identifiable data as evidence of a BST error and the financial damage to BSLD as well as the following minimum information:

- The nature of the dispute.
- The amount of money in dispute identified by each category;
- The bill dates and state(s) of the bill(s) in dispute; and
- Applicable transmission dates, obligation IDs, and copies of the EMI records associated with the dispute.

Failure to provide such information and data will result in rejection of the dispute.

If additional, available and relevant information from BSLD is necessary to resolve the dispute, BST will request this information. This request will not affect the established dispute date if BSLD meets the written documentation requirements stated herein.

b) Resolution of Dispute

If after investigation of the dispute, the B&C bill is found by BST to be correct and BSLD concurs with its findings, the Parties will consider the dispute settled. BSLD will be responsible for immediate payment of the unpaid amount plus any late payment fee as set forth in Exhibit B. If the bill amount is found to be incorrect by both Parties, the dispute will be settled as follows.

- i. If a credit is due BSLD, the amount due plus any interest payment less any amounts withheld by BSLD during the dispute will be credited to the appropriate BSLD B&C account. BST will make good faith effort to place the amount due on the next B&C Bill which will also be documented in BST's findings.
- ii. If a payment is due BST from BSLD, BST will make good faith effort to bill BSLD the amount due plus any late payment fee, as set forth in Exhibit B, on the next B&C Bill which will also be documented in BST's findings.

21.9 Percent of Interstate Usage (PIU) Factor

For the initial 12-month period of this Agreement, BST will apply a BSLD-provided PIU to all non-jurisdictional charges. BSLD will also provide BST a PIU for each of its Clients receiving a separate B&C Service bill under the same terms and conditions that it provides BST its own. The following terms and conditions apply to all B&C Service accounts set up under this Agreement.

Whereas, from the effective date of this Agreement, all Messages will be billed based on the jurisdiction indicator provided in the records. All bills rendered will be divided between interstate and intrastate as follows:

- a. When the end-user bill contains only interstate Messages, the bill will be categorized as interstate

- with the contracted, interstate Per-Bill rate applied;
- b. When the end-user bill contains only intrastate Messages, the bill will be categorized as intrastate with the State Tariff rate applied; and
 - c. When the end-user bill contains both interstate and intrastate Messages, the total number of combination bills will be tallied with the sum divided between interstate and intrastate based on BSLDor Client's PIU. The Per-Bill rate will be applied to the interstate volume, and the State Tariff rate applied to the intrastate volumes.

After the initial 12-month period, BST will update BSLD and Clients' PIUs based on actual historical data. Thereafter, BST may, in its sole discretion, revise BSLD and Clients' applicable PIU factors at least, but not limited to, once a year on an on-going basis. BSLD will be notified of such a change 60 calendar days before the effective date.

BSLD will keep all data used to calculate BSLD and Clients' PIUs for the initial 12-month period for 18 months. BST may verify BSLD and Clients' PIU factors by sending BSLD a written request for all pertinent information. BSLD will provide BST this data within 30 calendar days from receipt of the request.

21.10 Backbilling of Rates and Charges

BSLD grants BST an extension of nine months from the effective date of this Agreement to render the first billing for all service features provisioned during the nine-month period for which BST has to implement new rate element indicators (REIs). This extension is given not only for the CIC 377 account, but also for all Client accounts set up under this Agreement. Volumes for the new REIs will be maintained by BST and may be audited or examined by BSLD under the terms and conditions set forth in Part One; Section 5. Audit Provisions.

21.11 True Up of Rates and Charges

Due to the degree of unknown Message, bill, and end-user inquiry volumes that BSLD and Clients will generate under this Agreement at the time of negotiations, both Parties agree to a re-evaluation of all the rates and charges set forth in Exhibit B after six months of production billing. BSLD and Clients' actual volumes will be used by BST in the re-evaluation. BST reserves the right to 'true up', or revise, any rates and charges in which the cost base is in variance from the original cost study.

BSLD reserves the right to re-negotiate the revised rates and charges presented by BST as a result of the re-evaluation. BST and BSLD agree to complete the negotiations within 60 days from receipt of the revised rates and charges. BST will implement the agreed to rates and charges 30 days from the date negotiations are complete.

EXHIBIT B
of the
BellSouth Telecommunications, Inc.
Billing and Collection Service Package
Clearinghouse Operating Agreement
For
BellSouth Long Distance, Inc.

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1. Services and Service Features That Make Up the B&C Service Package

BSLD agrees to purchase all the services and service features described in the principal document and Exhibit A, which collectively is the B&C Service Package, with the exceptions of Category 41 Service, Detail 800 Service, Six-Second Billing, Customer-Initiated Wire Checks, Customer-Initiated Suspected LEC Error Investigation Service, and Cellular NPA/NXX/Line Scope Report. BSLD may choose, on a per CIC and ABEC basis, to purchase all, some, or none of these features categorized as 'exceptions' and 'optional service features'. BST provides all optional service features with ICB rates and charges.

2. Modification of ICB Rates and Charges

BST may, in its sole discretion, modify any ICB rate or charge on 30-days written notice to BSLD.

3. Service Establishment

a) Service Establishment Charge

BST will bill BSLD the following Service Establishment Charge for each CIC and ABEC established for BSLD and Client Messages processed under this Agreement on the effective date of this Agreement. Payment must be received for each CIC/ABEC before BSLD may begin testing for each CIC/ABEC.

- Service Establishment Charge \$70,000.00

This one-time charge applies regardless of the number of services purchased and/or the number of states selected for provision -- one state or all nine.

If at any time during the life of this Agreement, and/or during renewal, BSLD and Clients expands its existing service to additional states, no additional Service Establishment Charges will be due BST. However, many of the service features have unique service establishment charges or applicable testing charges which BSLD agrees to pay BST to establish the given service(s) feature.

b) Changes to Standard Service Offering

If BSLD requests changes to BST's standard service offering for its own Messages or for its Clients' Messages, BSLD will pay BST any additional program development costs incurred by BST to implement such authorized changes. The associated rates and charges will be determined on an ICB. BSLD will submit requests for such changes through BST's OBR Handling Procedures.

4. Minimum Semi-Annual B&C Services Charge

a) Minimum Charge, Application and Calculation

The minimum semi-annual B&C Services charge is \$62,500.00. This minimum charge includes all B&C Services provided during each six-month period while this Agreement is in effect with the exception of the Initial Service Establishment Charge(s). Calculation of the B&C Services charge will begin the first month that live end-user

billing is rendered and no later than six months from the effective date of this Agreement.

In the event a given period of this Agreement is less than six months, BST will prorate BSLD's Minimum Semi-Annual B&C Services Charge Requirement by dividing the \$62,500.00 by 6. The monthly charge will then be multiplied by the number of months which make up the given period (e.g., BSLD's minimum requirement for three months will be \$31,250.00).

b) Billing

Within 90 calendar days from the last day of the six-month period, BST will total BSLD and Clients charges for all B&C Services purchased under this Agreement for the completed period. BST will then send written notification of its findings to BSLD. If the actual B&C Service charges are less than the Minimum Semi-Annual B&C Services Charge Requirement, BSLD agrees to pay BST the difference.

5. Testing Charges

a) Establishing Service

When establishing the B&C Service Package, the Service Establishment Charge enables BSLD and each Client to test a maximum of three test data files at no additional charge. If the first three tests are unsuccessful due to BSLD and/or Client error, requiring a fourth test or more, BSLD will pay the following charge for each additional test:

- Per Additional Test (Beginning with the Fourth Test) \$2,500.00

(Abbreviated and Complete)

b) Adding Service Features

After establishing Service, BSLD will test for each additional service feature it, or its Client, elects to add that requires programming changes in BST's systems.

(1) Those With A Service Establishment Charge

New service features that include a service establishment charge allow BSLD and Client a maximum of three tests at no additional charge. If the first three tests are unsuccessful, due to BSLD and/or Client error, requiring a fourth test or more, BSLD will pay the following charge for each additional test:

- Per Additional Test (Beginning with the Fourth Test) \$2,500.00

(2) Those Without A Service Establishment Charge

BSLD will pay the appropriate testing charge, as described below, for any new service feature that does not have a service establishment charge. The testing charge in these instances will allow BSLD and Client a maximum of three tests at no additional charge. If the first three tests are unsuccessful, due to BSLD and/or Client error, requiring a fourth test or more, BSLD will pay for each additional test at the rate described below.

- An End-To-End Test - From initial distribution through Settlements, CABS, all reporting, etc. ICB
- A Complete Test - From initial distribution through Bill Format \$4,800.00
- An Abbreviated Test - From initial distribution through IXC Interface \$1,800.00

- Per Additional Test (Beginning with the Fourth Test)
(Complete and Abbreviated) \$2,500.00

c) Billing Information Data Files

When BSLD and Client initiate Service, BST will provide BSLD and Client one test data file, for each Billing Information data file to be received at no additional charge. If BSLD or Client requests a second test data file or more, BSLD agrees to pay BST either a re-create rate (determined on an ICB) and/or the charge described below, based on the reason for the request.

- Per additional test data file ICB

6. Per-Message Processed Rates

The following B&C Service Package Per-Message rates apply to BSLD and Clients' total Message volume for the 12 month period (hereinafter "Year") of this Agreement, beginning on its effective date.

- Per-Message Processed Tiered Rates Applied Per CIC/ABEC:
 - a. 1 - 10 | Messages Per Bill | \$.030
 - b. 11 - 100 | Messages Per Bill | .023
 - c. 101+ | Messages Per Bill | .016

7. Pricing Plans and Discount Calculations

- Per-Account to which a Pricing Plan and/or Discount is applied, \$.0084

8. Bill Presentation (Format Customization)

- a. One-Time Development Charge, ICB
- b. Recurring rate per incremental line¹, \$.0053

¹ This rate will apply to each line on BSLD's bill page(s) that exceeds the average number of lines on the bill pages of the BST universe of Bill Processing Service (this Service is also referred to as 'Message Ready'), excluding BSLD. The number of lines counted and compared to the average, and the incremental amount applied to this rate element will be performed on a per CIC and ABEC basis.

9. Service Order and USOC Based Charges

- Per non-recurring and recurring charge billed to an end-user account \$.25²

² In addition, the Per-Message Processed rate applies per line item billed on the end-user account.

10. Per-Bill Rendered Rates

- a) One bill page in BST's bill, per CIC/ABEC, per bill \$.510
- b) Two or more bill pages in BST's bill, per CIC/ABEC, per bill \$.865

11. CONNECT:Direct Set-Up Charge for MSS Receipt and Delivery \$4,900.00

12. MSS & CMDS Data Exchange Rates

- a) Receipt of Rated BSLD Message Detail on Magnetic Tape

To BST From BSLD or a Location Designated by BSLD,
Per-record received \$.0045¹

b) Receipt or Delivery of Rated BSLD Message Detail Across the CMDS Network
To BST from CMDS Center, or From BST to the CMDS Center,
- Per-record received or delivered \$.0045¹

c) Receipt of Rated BSLD Message Detail by Data Transmission
To BST from BSLD or To a Location Designated by BSLD,
- Per-record received \$.0030¹

¹ BST determines the total charge based on its count of the records received or delivered and, when applicable, the number of tapes required.

13. Bill Logo Establishment or Change Charge

- Per Logo Established or Change, Per CIC/ABEC \$4,000.00

14. Expanded Inquiry Service

- a) One-Time Development Charge \$142,215.00
- b) Recurring Rate, Per Message Processed \$.07

15. End-User Account Activity

- a) Special Orders and Balance Due Change, (Initial Rates)
 - Final SP/BOC (IEC/BOC) Memo Initiated by BSLD, Per Memo processed \$ 3.90
 - Per Line Item Adjusted on Each Billable SP/BOC Memo \$.25
- b) Special Orders and Balance Due Change, (Invoked Threshold Rates)
 - Final SP/BOC Memos Processed: BSLD and BST Initiated, Per Memo Processed ICB
 - Per Line Item Adjusted on Each Billable SP/BOC Memo ICB

16. Sub-CIC Processing

- a. Initial Service Establishment, Up to ten sub-CICs \$1,500.00
- b. Per request to update the ISAT \$ 106.00
- c. Per addition or deletion of Sub-CIC data and per opening or closing of edits \$ 21.00

17. Customized Settlements Reporting

- a. One-Time Development Charge \$149,060.00
- b. Recurring Rate, Per Month, Per Settlement Data File delivered via CONNECT:Direct \$722.00
- c. Recurring Rate, Per Paper Copy of Settlements \$75.00

18. Customized Journals Reporting

- a. One-Time Development Charge \$ 82,708.00
- b. Recurring Rate, Per Month, Per Journals Data File delivered via CONNECT:Direct \$159.00
- c. Recurring Rate, Per Paper Copy of Journals \$249.00

19. Foreign State Taxing

- a. One-Time Development Charge \$425,952.00
- b. Recurring Rate, Per Message Taxed \$.189

20. Electronic Tax Reporting

- Service Establishment Charge \$2,500.00